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Agriculture in the News

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Report Highlights:

Report contains Italian and EU agricultural news items of interest for the month of September 2009.

General Information:

Italian Agricultural News

Italy Purchasing More Spanish Ham

Italy, the EU's largest ham importer, is buying more Spanish ham, but reducing ham imports from Denmark, the Netherlands, and France. Of note is that most of the "prosciutto crudo" sold in Italy is made from imported ham cured locally. Only Parma, San Daniele, and a few other hams, are strictly regulated by Italian law and therefore must be produced from domestically raised pigs.

Italians Buying More Organic Food

Italians are buying more organic food and drinks as appetites for healthier but pricier products have defied the economic downturn. Purchases of packaged organic foods for domestic use rose 7.4 percent in the first six months of 2009. The Italian market for organic products is estimated at € 2 billion (\$2.92 billion) about 1.5 percent of the total food and beverages market. Italy and the EU however, does not have an "export arrangement and recognition agreement" with the U.S. National Organic Program, therefore by EU standards U.S. labeled organic food and agriculture are not considered to be equivalent to the Italian "biologico."

Wheat exports to Italy decline

Imports of soft and durum wheat to Italy, a major grain buyer in Europe, are falling, along with Italian pasta exports. Due to its large food processing sector's need for inputs, Italy has become a net agricultural importing country, and in 2008 imported from the U.S. \$103 million in wheat for pasta and confectionary.

EU Agricultural News

Opportunity for High Quality U.S. Beef in the EU

The lack of grain-fed beef in the EU is likely to provide a "big opportunity" for U.S. beef producers as EU importers gear up to import increasing volumes of U.S. beef following the US-EU agreement on a hormone-free beef quota. The U.S. Meat Export Federation expects that within the next three to five years, the United States will be exporting as much as 70,000 tons of high-quality beef annually to the EU. Italy's large tourist sector is expected to provide some of the growing demand for U.S. beef.

Cheap Wheat Will Help Meet EU Fuel Demand

The sharp decline in wheat prices driven by the world supply glut likely will lead to more wheat being turned into bio-ethanol in the EU. Demand for bio-ethanol, a renewable substitute for petrol, is increasing in the EU as a way to meet greenhouse gas reduction targets. Wheat is replacing sugar as the main EU bio-ethanol feedstock due to the combination of low wheat prices and EU sugar prices that have increased to their highest levels in nearly three decades (due to production reforms). Corn, the main bio-ethanol feedstock in the United States, is not as plentiful in the EU.

EU Farmers Dump Milk in Price Protest

Angry French farmers dumped millions of liters of milk in France to denounce the slumping cost of milk and an EU plan to end production quotas, which could further drive prices down. While the EU strongly subsidizes agriculture, milk farmers' groups say prices have sunk so much they have to sell their milk at about € 0.20 a liter, about half of their production costs. The crisis has driven many European farmers into a "milk strike," with thousands refusing to deliver to the industrial dairy conglomerates that produce anything from skimmed milk to processed cheese.

European Commission Rejects Dairy Industry's Plea for Support

The European Commission rejected a request from EU dairy farmers in 16 Member States, including major dairy producers France and Germany, to increase intervention prices and freeze dairy quotas. In recent months, EU milk prices have fallen 40 percent and dairy farmers hoped the

Commission would act to support prices. The rejection signals a commitment to reform the EU's Common Agricultural Policy and create more market discipline in the dairy industry.

Brussels Likely to Cut Soybean Imports

The EU is likely to sharply reduce soybean imports in coming months due its zero-tolerance policy on unapproved genetically-modified organisms (GMOs). Recently, the EU has rejected shipments of soybeans due to the presence of dust from unapproved corn varieties left in ship holds from previous cargoes. Since ships carry various grains from various origins, the residual dust problem has the potential to disrupt worldwide grain trade with the EU. The problem not only threatens the EU feed sector but U.S. farmers as well as the United States is expected to harvest a record soybean crop this fall. Thus far, there has been little progress on the EU discussion to allow for proposal to accept low level presence in unapproved varieties.

French GM Vine Trial Destroyed

Seventy genetically modified (GM) vine stocks on a government-sponsored field trial site in France were destroyed by protesters. The trial, which was being conducted by the National Agricultural Research Institute (INRA) at Colmar in eastern France, was aimed at finding a way of combating grapevine fan leaf virus (GFLV) for which there currently is no effective treatment. The trial was conducted under very strict conditions to avoid any possibility of dissemination of GM material into the environment. Last year, new regulations were introduced in France which set out penalties of up to three years imprisonment and a €150,000 Euro fine for destroying experimental GM plots.

GMO Crops Can Help Climate and Environment

The Danish Food Ministry reports that GMO crops are now grown on 8 percent of the world's crop area and have the potential to reduce emissions of greenhouse gases, such as carbon dioxide. The ministry also reports that GMOs provide an important method of developing plants that are more resistant to changing climatic conditions. The Danish trials show that GM crops give farmers an opportunity to achieve the same harvest yield with reduced use of pesticides. That said, the report highlights that there is still the need for research regarding the possibilities and risks associated with GMOs.

FAS/Rome GAIN Reports

IT9025 Yet Another Italian Wine Fraud - Amarone

Report Highlights: While Italian Minister of Agriculture Luca Zaia continues to publicly tout his "zero tolerance" attitude when it comes to food frauds, adulteration, and illegal manufacturing practices, one of Italy's leading wine – Amarone – is the center of a fraud investigation (again).

IT9026 Bees - Italy Suspends the Use of Certain Pesticides

Report Highlights: The Italian Ministry of Agriculture intends to extend its' suspension on certain insecticides (including neonicotinoids) used in corn cultivation until 2010. The decision to suspend these insecticides for another year was made in response to Italian beekeeper and environmentalist concerns about bee hive deaths. Sources report the suspension on these insecticides, which are used largely on corn seeds, has resulted in a 5 percent decrease in corn yields this year (in addition to the 10 percent decrease in corn area due to depressed market prices).

IT9027 – Exporter Guide – Road Map to the Italian Market

Report Highlights: This report offers U.S. companies interested in exporting food and agricultural products to Italy an overview of the country's economic situation, market structure, and export requirements, including best product export opportunities.